

State Foundation Payment Letter Fiscal Year 2022 March Community School Payment on March 14, 2022

GENERAL INFORMATION ON SCHOOL FOUNDATION PAYMENT REPORT

Foundation payments for community schools are calculated once a month. The March payment represents the ninth payment for FY2022. This letter, generated with each foundation payment, provides details about updated payments to these entities including fund deductions, adjustments and transfers. The Department strongly encourages the reading of this letter as it answers many questions regarding foundation payments and provides links to important reports. The scheduled payment dates for FY2022 are below:

July 14, 2021	January 14, 2022
August 13, 2021	February 14, 2022
September 14, 2021	March 14, 2022
October 14, 2021	April 14, 2022
November 12, 2021	May 13, 2022
December 14, 2021	June 14, 2022

AMENDED SUBSTITUTE HOUSE BILL 110

The recently enacted state budget made significant changes to the calculation and payment of state foundation funding. One of the biggest changes is a move to fund students where they are educated, rather than where they reside. Another significant change in the new formula is a variable base cost per pupil amount. This means that the funding provided to each community school student will vary based on the base cost calculation for the community school where the student is enrolled. Additionally, community schools will be subject to a phase-in of the new funding formula but will benefit from a per-pupil guarantee (formula transition supplement). Community schools are now funded directly and the deductions and transfers from resident districts of students is no longer occurring.

SCHOOL FINANCE PAYMENT REPORT

Beginning with the January payment, the provisions of Am. Sub. H.B. 110 were applied to the calculation and distribution of state foundation funding. The new School Finance Payment Report (SFPR) displays information on each funding element of the new foundation formula with all relevant data elements and calculation parameters for each educational entity. For this payment, a Summary and Detailed SFPR is provided. Future payments will include additional reports explaining all elements of the payment in greater detail including base cost and other adjustments. [All FY2022 payment reports can be accessed through this link.](#)

The Summary SFPR provides the calculation of funding components in the foundation formula. Under the title State Support the five funding elements of Core Foundation Funding are listed on lines A through E. In addition to the Core Foundation Funding, the report also includes other funding elements of the formula on lines G, H and I. Next, the report includes Transfers, with line N giving the

Net State Funding. Finally, the report includes a Disclosure item and information on the phase-in percentages of Core Foundation Funding elements.

For Core Foundation Funding, four columns of numbers are shown on the Summary SFPR:

- Base State Funding (column [a])
- Calculated State Funding (column [b])
- Phase-in Funding (column [c])
- State Funding (column [d])

The Summary Report is comprised of the following lines:

State Support

A. Base Cost – This comprises the largest part of total funding schools receive in FY 2022 and includes five sub-components:

- a. Teachers
- b. Student Support
- c. Leadership and Accountability
- d. Building Leadership
- e. Athletic Co-curricular Activity

The sum of these amounts represents the aggregate base cost of the school.

B. Special Education

C. Disadvantaged Pupil Impact Aid (DPIA)

D. English Learners

E. Career Technical Education

F. Core Foundation Funding – Sum of lines A through E.

G. Transportation

H. Formula Transition Supplement

I. Facilities

J. Total State Support – Sum of lines F, G, H, and I.

Transfers

K. Educational Service Center

L. Other Adjustments

M. Total Transfers – Sum of lines K and L.

N. **Net State Funding – Sum of lines J and M.**

Under the provisions of Am. Sub. H.B. 110, the calculated funding elements of Core Foundation Funding in FY 2022, are phased in at 16.67% relative to the comparable amounts for these funding elements in the Base State Funding in column [a]. Schools receive 16.67% of the difference between the Base State Funding amounts in column [a] and the FY 2022 Calculated State Funding in column [b] in addition to the amounts identified as Base State Funding in column [a]. Column [c] reflects the phase-in amounts for the Core Foundation Funding components. The amounts in this column are added to the amounts in column [a] to yield the amounts in column [d]. Column [d] is the annual amounts the state will pay schools. Funding elements beyond Core Foundation Funding are not subject to any phase-in and schools receive the calculated amounts for these funding elements.

The Summary SFPR provides a disclosure amount for the Student Wellness and Success funding. While this funding is included in the Student Support component of the Base Cost, it is restricted for specific purposes. The disclosure amount is separately identified on the Statement of Settlement with a restricted receipt code. [Guidance on the use of student wellness and success funds are available here.](#) The restricted portion of the Base Cost is calculated in the following manner:

1. Using data from the Statewide Traditional District Base Cost report calculate the ratio of Student Wellness and Success Cost to Student Support Base Cost and then apply the resulting ratio to the Statewide Student Support per pupil amount. This results in the Student Wellness and Success per pupil amount.
2. Multiply the resulting Community School Student Wellness and Success per pupil amount from step #1 by the Community School Enrolled ADM. That results in an aggregate Student Wellness and Success funding before the phase-in.
3. Divide the aggregate amount calculated in #2 into the Community School Aggregate Base Cost.
4. Apply the ratio from #3 to the Base Cost State Funding amount of the Summary SFPR.
5. The amount calculated in #4 will be displayed on Base Cost – Student Wellness and Success line in the Annual Amount column of the Statement of Settlement and subtracted from the Base Cost line.

There is a new line (L) – Other Adjustments. While the February payment largely reflects the move to the new calculations in Am. Sub. H.B. 110, the Other Adjustments line has been implemented for the first time with the March community school payment. This line will show the transfer of funds for Associated Services and the Catastrophic Cost Reimbursement set-aside.

- The schools receive funds for associated services (new for community/STEM schools) under the Career Technical Education funding line. They are to be transferred to the Career Technical Planning District (CTPD) the school belongs to.
- Catastrophic Cost Reimbursement set-aside is a new requirement that the Department withhold 10% of the special education funding (line B) to support catastrophic cost reimbursement payments to school districts, Community/STEM schools and JVSDs for high-cost students with disabilities. The March payment will contain a positive JV48 adjustment in which all funds withheld thus far are going to be returned to community schools in one payment. The March payment is the last payment in FY22 in which you will see the JV48 adjustment.

A new funding - Career Awareness and Exploration – is generated at CTPD based on each member school ADM. [Guidance on the use of funds is available here.](#)

INFORMATION RELEVANT TO THE MARCH COMMUNITY SCHOOL PAYMENT

- FY2022 enrollment data provided as of February 25, 2022 through the EMIS data collector and SOES are used for the following funding categories:
 - Base Cost
 - Special Education
 - Disadvantaged Pupil Impact Aid (DPIA)

- English Learners
- Career-Technical Education
- The March transportation payment uses current FY2022 data. This is also the first year that the Department will be using transportation data submitted by community schools on their T-1 report.
- FY15 Final #4 deductions that were spread over the course of one or more fiscal years (for some schools) will continue to impact settlement reports.
- FY17 Final #1 deductions that were spread over the course of one or more fiscal years (for some schools) will continue to impact settlement reports.
- FY19 Final #1 deductions that were spread over the course of one or more fiscal years (for some schools) will impact settlement reports.
- FY20 Final #1 deductions that were spread over the course of one or more fiscal years (for some schools) will impact settlement reports.
- School facilities funding is calculated at \$500 per FTE for each brick and mortar community school, and \$25 per FTE for each e-school. The overall cap on facilities funding for community schools is currently \$42,000,000. The amount of FTE's in the calculation causes the state to exceed that capped amount. As a result, the school facilities funding amount was calculated using a proration percentage of 99.021%.

DETAILED SFPR AND FUTURE REPORTS

Accompanying the Summary SFPR is a report illustrating the calculation of many lines of the SFPR in greater detail. The new Detailed SFPR included with this payment provides important enrollment data, statewide factors and calculations for special education, DPIA, English Learners and Career-Technical Education elements of Core Foundation Funding. The Detailed SFPR also provides the calculation for the formula transition supplement.

For this payment the following payment reports are posted online:

1. Summary SFPR – provides the annual funding amounts for various funding elements of the foundation formula.
2. Detailed SFPR – illustrates the calculation of many lines of the SFPR in detail. It provides important enrollment data, statewide factors, and calculations for special education, DPIA, English Learner, and Career-Technical Education elements of Core Foundation funding. The Detailed SFPR also provides the calculation for the formula transition supplement.
3. Base Cost – provides the details of the calculation of the Base Cost component of the foundation funding in detail. It gives the statewide and district factors with calculation formulae of the Base Cost funding elements.
4. Statement of Settlement – provides the details of fund distributions from SFPR and non-SFPR sources. It shows the actual payment calculation for this payment derived from annual calculation of various funding elements of the SFPR and all the transfers and adjustments with information on staff and teachers' retirement fund distribution.

STATEMENT OF SETTLEMENT

The Statement of Settlement shows the amount of funding by component paid monthly from SFPR and non-SFPR sources. Typically, the monthly amounts fluctuate based on data updates that occur

during each payment period. On the statement of settlement, funds are generally paid out on a percentage basis or the remaining payments of the year basis. Fund recovery is typically based on the remaining payments of the year approach.

The new funding formula includes more restricted funding elements. At the Department's request, the Auditor of State confirmed or added the following restricted receipt codes to accommodate these changes. The links will take you to the guidance on the use of funds. These are as follows:

- 3211 – [Disadvantaged Pupil Impact Aid \(DPIA\)](#) (formerly known as Economically Disadvantaged funding)
- 3215 – Career Technical Education Funding (previously receipted with 3219)
- 3217 – [English Learner Funding](#)
- 3218 – [Student Wellness and Success Funding](#) (previously receipted with 3219)

For a complete listing of journal voucher codes, please click on the following [link](#). The following journal voucher adjustments were made in the February payment:

- JV27 FY21 Community School Final #1
- JV28 FY19 Community School Final #1
- JV29 FY21 Community School Final #2
- JV31 FY20 Community School Final #1
- JV39 FY17 Community School Final #1
- JV42 FY15 Community School Final #4
- JV43 Auditor of State Fee
- JV48 ODE Return of Temporary Withholding
- JV71 Community School FTE review adjustment
- JV93 ODE Office of School Sponsorship deductions
- JV97 Pilot under HB 123

STRS and SERS retirement adjustments are based on information from these sources for the month of March.

KNOWN ISSUES AND UPDATES IN THE MARCH PAYMENT

The Department continues the implementation of the new funding formula. This section will highlight known issues and updates in each payment. Following the release of the February payment, a limited number of formula and data issues were identified. The following items were resolved in the March payment:

1. Recalculation of career-tech base funding amount for community schools that were not open during FY20 and/or did not generate career-tech funding during FY21. Some schools in this category received a career-tech amount in the base calculation that should have been \$0.00. The Department has rerun this calculation and those schools that should have received \$0.00

in the career-tech base will now see that in the March payment. As a result, four schools have experienced a decrease in net state funding. The Department reached out to affected schools.

2. Pilot Funding Program for DOPR e-schools (HB 123 Pilot Program). The schools participating in the e-school pilot program will be receiving their first payment for FY22 in the March Payment. The data used to calculate this payment was extracted in tandem with the March payment data from EMIS on February 25th. Participants in this program can log into the data collector and see files that detail all of the payment calculations. These payments will be disbursed via JV97 adjustment.
3. Community School Base Cost reports are generated and available for viewing for the first time in March.
4. Some of the calculation issues identified for Base Cost on the traditional and JVSD sides, once fixed, resulted in an increase to the Statewide Average Base Cost Per-Pupil and a decrease to the Statewide Average Career-Technical Base Cost Per-pupil.

ADDITIONAL NOTES

FY 2021 CTE Guidance Letters for traditional school districts, joint vocational school districts and community schools are posted online. You can access this information through this [link](#). The FY 2022 letters will also be posted soon.

Questions should be directed to James Lansden at james.lansden@education.ohio.gov or your area coordinator.